

## Exchange Testimony

### Joint Senate Health Policy and Insurance Committees

July 13, 2011

Thank you, Chairmen Marleau and Hune and members of the Senate Health Policy and Insurance committees. My name is \_\_\_\_\_ and I represent the Small Business Association of Michigan (SBAM) and our 12,000 member companies located in all 83 Michigan counties. At SBAM, we have operated at the intersection of small business, government and health insurance since our founding in 1969.

The first thing I would like to mention is that we opposed the passage of the Affordable Care Act which, of course, is the reason we are here. However, today it is the law of the land and we must be good stewards and make the best plans given the law now before us.

Build the Michigan's Exchange in Lansing vs. Washington? That is an interesting question for a number of reasons. The concept of a Health Insurance Exchange is something born out of the Affordable Care Act and much of the rhetoric in support of the initiative was that health insurance companies are evil, corrupt or broken and overcharging their customers. Therefore, anyone in their distribution system is, according to supporters of the Act, broken or overpaid for the work they do. While that might be true in some states and maybe in a minority of cases, we do not believe that is the case here in Michigan. At SBAM, we believe that the problem small businesses have with health insurance is not one of access or administration cost that an Exchange can somehow magically fix, but one of affordability of health care which requires a much deeper conversation and a very different set of solutions. In Michigan, people have access to health insurance – Public Act 350 guarantees access; what they struggle with is the cost of health care and, therefore, health insurance premiums. Our problem is one of Affordability, not Access.

That being said, we are forced to answer the question of who should build the required Exchange; Michigan or Washington. Given that choice, we say Michigan for a number of reasons:

1. Michigan has a fairly unique set of regulations overseeing our health insurer community that would make it difficult for HHS to drop an Exchange into Michigan:
  - a. One set that regulates BCBSM
  - b. One set that regulates commercial insurance carriers
  - c. And a third set for the HMO industry
2. Michigan is not South Carolina where a political decision has been made to pass on building an Exchange. We are not willing to take the bet that the Affordable Care Act will disappear in its entirety either through an action of the Supreme Court or future legislation that might overturn the law. Because it is the law of the land, we believe that Michigan should build our own Exchange; one that will better serve our individual and small business communities more effectively than any cookie cutter Exchange that might come out of Washington where the needs of multiple states would need to be considered.
3. Maybe most important, there are many critical decisions, that follow this first choice, that should be made here in Michigan with regard to the Exchange and not in Washington. For example:
  - a. Decisions on the type of an Exchange we want (market organizer vs. active purchaser)
  - b. Separate or merged Risk Pools between the individual and small groups
  - c. Certification of carriers and the plans available
  - d. Governance
  - e. How does Michigan maintain a functioning insurance sales and distribution system separate from the Exchange

All of these questions, and more, are critical and should not be passed to Washington. If we pass on the first question of Michigan vs. Washington, we pass on the remainder of the questions. Making that decision would not be in the best interest of our state.

Thank you and I will be very happy to answer any questions.